

Message Text

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P 192333Z JAN 77
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TO AMEMBASSY MOSCOW PRIORITY

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E.O. 11652: N/A

TAGS: ABLD, UR, UJ, ASEC

SUBJECT: EASE AND REMODELING CONTRACT TERMS FOR KIEV

REF: (A) MOSCOW 0503 (B) 75 MOSCOW 16717

1. APPRECIATE EMBASSY'S SUMMARY OF USUAL
LEASING AND CONTRACT PROCEDURES IN SOVIET UNION. HOWEVER,
APPEARS COMMENTS APPLY TO EMBASSY'S EXPERIENCE IN MOSCOW
WHICH DO NOT NECESSARILY APPLY IN KIEV. SIGNIFICANT
VARIANCE WAS USED IN LENINGRAD ON OPENING THE POST AND
WAS PROMISED BY KIEV AUTHORITIES DURING BASIC DISCUSSIONS
WITH FBO REPRESENTATIVES, AS INDICATED REF (B).

2. DURING DISCUSSIONS WITH KIEV DEPUTY MAYOR LAVRUCKHIN ON
NOVEMBER 19, 1975 WHICH WAS REPORTED REF (B), HE AGREED
THAT SOVIETS WOULD COMPLETELY RENOVATE AND REMODEL ANY
BUILDING(S) WE SELECTED INCLUDING GUTTING THE BUILDING(S)
AND INSTALLING COMPLETE PARTITIONING, WIRING AND PLUMBING
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TO MEET OUR REQUIREMENTS, ALL AT SOVIET EXPENSE. THE
FLORENTSIYA APARTMENTS WERE INCLUDED IN THE DISCUSSIONS
AND THE KIEV AUTHORITIES MADE NO EXCEPTIONS FOR IT ON THE
BASIS OF BEING A NEW BUILDING. MR. V. SINITSIN FROM USA
DIVISION OF MFA IN MOSCOW WHO WAS PRESENT, ALSO INDICATED
AGREEMENT TO THIS APPROACH. THIS ISSUE WAS DISCUSSED IN

DEPTH FOR SOME LENGTH TO PREVENT ANY MISUNDERSTANDINGS. ONLY EQUIPMENT OR FINISHINGS, ETC. EXCEEDING SOVIET NORMS WERE TO BE PROVIDED OR BE PAYABLE BY THE U.S.

3. PENDING RECEIPT AND REVIEW OF DETAILED COST INFORMATION PREVIOUSLY REQUESTED, IT IS DIFFICULT TO PROPERLY EVALUATE THE CHARGES OF RUBLES 11,209 FOR IMPROVEMENTS TO THE FLORENTSIYA APARTMENTS SPECIFIED IN THE AGREEMENT. HOWEVER, IN VIEW OF THE URGENT NEED TO RELOCATE THE ADVANCE PARTY FROM THEIR UNSATISFACTORY AND EXPENSIVE HOTEL ACCOMMODATIONS, THE FOLLOWING ACTIONS SHOULD BE TAKEN TO RESOLVE THE PROBLEM AS SOON AS POSSIBLE.

4. THE EMBASSY IS AUTHORIZED TO EXECUTE THE DRAFT LEASE FOR THE FLORENTSIYA APARTMENTS SUBMITTED BY TRANSMITTAL SLIP DATED NOVEMBER 24 PROVIDED IT IS AMENDED AS FOLLOWS. THE AGREEMENT DATED JUNE 9, 1976 ON REMODELING SHOULD BE APPENDED AS AN INTEGRAL PART OF THE LEASE AND THE RUBLES 11,209 CHARGE FOR REMODELING IN EXCESS OF SOVIET NORMS IS APPROVED ON THE BASIS THAT THEY ARE FOR ACCEPTABLE ITEMS AS OUTLINED IN PARAGRAPH 2 ABOVE.

A. ARTICLE 2 - THE DATE THE 5-YEAR TERM COMMENCES AND RENT ACCRUES SHOULD BE THE DATE THE PREMISES IS ACCEPTED FOR CONSTRUCTIVE OCCUPANCY.

B. ARTICLE 8 - (1) CHANGE THE FIRST PARAGRAPH TO READ:
"CAPITAL REPAIRS OF THE PREMISES AND ITS SEPARATE PARTS ARE THE RESPONSIBILITY OF THE ADMINISTRATION. THE TENANT LIMITED OFFICIAL USE

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IS OBLIGED TO KEEP THE RENTED APARTMENT IN WORKING ORDER, OBSERVING ALL RULES OF MAINTENANCE. ROUTINE MAINTENANCE REPAIRS OF THE APARTMENT ARE CARRIED OUT AT THE EXPENSE OF THE TENANT." (2) CHANGE THE THIRD PARAGRAPH TO READ:
"A LIST OF ROUTINE MAINTENANCE REPAIRS WHICH ARE THE RESPONSIBILITY OF THE TENANT AND THE DATES OF THEIR COMPLETION IS AN INTEGRAL PART OF THIS LEASE."

C. ARTICLE 14 - (1) CHANGE FIRST SENTENCE OF FIRST PARAGRAPH TO READ: "UPON VACATING THE APARTMENT, THE TENANT MUST TURN IT OVER TO THE ADMINISTRATION IN ACCORDANCE WITH RETURNING AND RECEIVING CONDITIONS, FREE FROM LODGERS, IN WORKING AND REPAIRED CONDITION, FAIR WEAR AND TEAR EXCEPTED." (2) ADD PHRASE "FAIR WEAR AND TEAR EXCEPTED" TO END OF LAST SENTENCE IN SECOND PARAGRAPH.

D. INCLUDE SPECIFIC PROVISION IN THE LEASE THAT THE AGREEMENT DATED JUNE 9, 1976 ON REMODELING THE APARTMENTS

WILL BE APPENDED THERETO AND BECOME AN INTEGRAL PART OF THE LEASE.

5. IF SOVIETS TAKE EXCEPTION TO THE LEASE AS AUTHORIZED ABOVE, PLEASE ADVISE.

6. IN THE EVENT THE KIEV AUTHORITIES CONTINUE ADAMENT IN THEIR REFUSAL TO GRANT WRITTEN APPROVAL FOR THE ENGLISH SPECIALISTS TO INSTALL THE KITCHEN CABINETS AS REQUIRED BY ARTICLE 9 OF THE LEASE AS AUTHORIZED, THE EMBASSY IS AUTHORIZED TO PERMIT THE SOVIETS TO INSTALL THE CABINETS. HOWEVER, THEY SHOULD DO SO AT NO ADDITIONAL COST TO THIS GOVERNMENT AS PART OF THE RENTAL CONSIDERATION.

7. IT IS UNDERSTOOD THAT THE USUAL LEASE FORMAT USED AT KIEV, FROM WHICH THE DRAFT LEASE REFERRED TO ABOVE WAS MODIFIED, INCLUDES A CLAUSE TO THE EFFECT THAT ALL LIMITED OFFICIAL USE

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WORK DONE IN THE PREMISES MUST BE ONLY BY SOVIET LABOR PROVIDED BY THE LESSOR. THE EMBASSY DRAFT LEASE AS APPROVED ABOVE EXCLUDES SUCH PROVISION. THIS EXCLUSION IS ESPECIALLY IMPORTANT AND CRITICAL TO THE LEASE TO BE NEGOTIATED FOR THE STRELETSKAYA BUILDINGS WHICH WILL HOUSE OUR OFFICES. WE MUST INSIST ON HAVING THE RIGHT TO USE OUR OWN, OR THIRD COUNTRY, WORKERS TO MAKE IMPROVEMENTS OR REPAIRS IN OUR OFFICE BUILDING IF WE SO ELECT. WHILE EXCLUSION OF THE PROVISION IS NOT CONSIDERED CRITICAL TO THE LEASE FOR THE FLORENTSIYA APARTMENTS, WE SHOULD AVOID ESTABLISHING ANYTHING WHICH COULD BE CONSTRUED AS A PRECEDENT WHICH COULD ADVERSELY AFFECT OUR LEASE FOR THE STRELETSKAYA BUILDINGS.

8. SUBMIT THE EXECUTED LEASE AMENDED AS AUTHORIZED ABOVE AND CONFIRM THAT THE INITIAL IMPROVEMENTS MADE AT THE LESSEE'S EXPENSE ARE ACCEPTABLE AS OUTLINED ABOVE.

9. TALKING POINTS ON POSSIBLE RETALITORY MEASURES AGAINST SOVIETS IN NEW YORK IF KIEV AUTHORITIES CONTINUE TO NOT BE COOPERATIVE, ARE BEING SENT SEPTEL.
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